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BEFORE THE
SURFACE TRANSPORTATION BOARD
May 16, 2000

EX PARTE NO.582 (Sub-No.1)
Major Rail Consolidation Procedures

STATEMENT OF THE BUFFALO NIAGARA PARTNERSHIP

The Buffalo Niagara Partnership is a membership organization of 3500 employers located in the eight counties of Western New York and the Niagara Peninsula of Southern Ontario. Our "Niagara marketplace" members employ 200,000+ individuals. Many of these members are active in international trade, logistics, bi-national warehousing, and related commercial endeavors.

The Board is fully aware of the rail issues that have had negative impacts on shippers in our region since July 1, 1999, the physical split date of Conrail. As such, the Board's decision of March 31, 2000 (STB Ex Parte No. 582) to "maintain the status quo by ordering a suspension of all merger activity, categorized as major transactions, until after the final merger rules are issued, or a total period of 15 months" assures our local shippers that these negative impacts will continue. The decision does not remedy the adverse service, switching rate, or lack of competitive rail service issues our region has continually experienced since July 1, 1999. The Board is, as it states, "maintaining the status quo".

While there is merit to re-examining guidelines by which future merger applications are reviewed, the current crisis is related to previous mergers and it cannot continue. The Board's decision states that the industry needs time to "...fully recover from service problems associated with recent mergers without the 'distractions' associated with consideration of additional mergers...". As a result of its decision, the Board will be distracted from addressing the current post-merger issues, including reviewing merger applications with merit. The Board's decision penalizes railroads looking to file merger applications as a result of:

- other railroads' inability to focus on their own operations in light of a pending merger; and
- the Board's decision to preclude the review of future applications in order to focus on rule making.

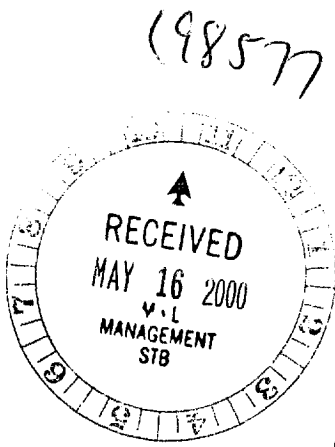
The Board's decision also results in shippers enduring at least an additional 15 months of rail problems before the Board focuses on relief efforts.

It is not beyond the Board's ability to review current merger applications while developing new guidelines for future mergers. Issues such as promoting and enhancing rail competition, maintaining safe operations, safeguarding good rail service, and merger related public interest benefits can be examined simultaneously with application reviews.

In summary, the Partnership respectfully requests that the Board rescind its decision to suspend rail mergers during its rule review period. Rescinding the suspension will allow the Board to review mergers that may offer positive impacts to shippers through the promotion of rail competition, lower switching fees and overall improved rail service. Thank you for the opportunity to address the Board.



Natalie J. Harder, Director of Regional Development



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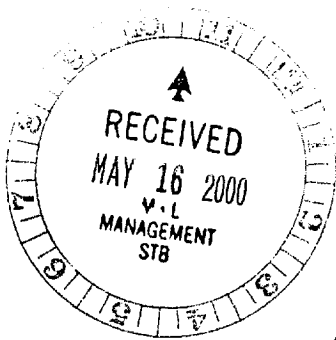
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